

# EXHIBIT 2

1 UNITED STATES BANKRUPTCY COURT  
2 SOUTHERN DISTRICT OF NEW YORK

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5 )  
5 In re: ) Chapter 11  
6 )  
6 LEHMAN BROTHERS HOLDINGS INC., et ) Case No.  
7 al. ) 08-13555 (JMP)  
7 )  
8 Debtor ) (Jointly  
8 ) Administered)  
8 )

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10 DEPOSITION OF MICHAEL KIM HERMAN, a 30(b)(6) witness  
11 December 16, 2013  
12 Seattle, Washington

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1                           Michael Kim Herman - 12/16/13  
2       take some action immediately or whether we had to  
3       wait and see what was going on, what would-- what  
4       else would occur, and as I said, what choices we  
5       might have to make in the near future with regard  
6       to the different things that might happen.

7   Q   What were the immediate negative ramifications  
8       that TSA might face?

9   A   As I recall, the immediate ramifications were  
10      loss of payments on the RFA.

11      I believe at this point we knew that the  
12      corpus was-- we had collateral for the reserve  
13      fund at this point, so we were worried about  
14      future payments.

15      I think we were-- if I recall correctly, it  
16      was the question of valuation of where we were,  
17      if there was a termination, and then what would  
18      happen in a-- that it might take-- if it went to  
19      court, it might take us five to eight years to  
20      get any kind of a settlement or something like  
21      that.

22      I think those were the kinds of general  
23      issues we discussed.

24   Q   During this initial conference call, did you  
25      learn what the valuation of the reserve fund

1                   Michael Kim Herman - 12/16/13

2         agreement was?

3     A I don't remember if it was during this initial  
4         conference call or not.

5                 It may have been, but I know that the first  
6         valuation we did, that we had PFM do, was that  
7         the TSA would have owed Lehman \$1.2 million.

8     Q Did that come as a surprise to you?

9     A Yes.

10    Q Why?

11    A Because Lehman was the one that defaulted, and it  
12         seemed-- although I understand the agreement and  
13         the potential consequences of the agreement, from  
14         a layman's viewpoint, the idea that the burdened  
15         party would owe money to the other side because  
16         they failed to perform was a little bit  
17         astounding.

18    Q Do you recall-- whether it's on this call or a  
19         subsequent call, do you recall any further  
20         discussion about the fact that PFM's initial  
21         calculation would have Washington TSA owing over  
22         a million dollars to Lehman?

23    A Well, yes, we had some conversations about that.

24                 I think the determination was that there was  
25         not a termination event yet. There was not a

1 STATE OF WASHINGTON ) I, Terilynn Pritchard, RMR, CRR,  
2 ) ss CLR, a certified court reporter  
County of Pierce ) in the State of Washington, do  
hereby certify:  
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5 That the foregoing deposition of MICHAEL KIM  
6 HERMAN was taken before me and completed on  
7 December 16, 2013, and thereafter was transcribed under my  
direction; that the deposition is a full, true and complete  
transcript of the testimony of said witness, including all  
questions, answers, objections, motions and exceptions;

8 That the witness, before examination, was by me  
9 duly sworn to testify the truth, the whole truth, and  
nothing but the truth, and that the witness waived the right  
of signature;

10 That I am not a relative, employee, attorney or  
counsel of any party to this action or relative or employee  
of any such attorney or counsel and that I am not  
financially interested in the said action or the outcome  
thereof.  
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16 IN WITNESS WHEREOF, I have hereunto set my  
signature on the 20th day of December, 2013.  
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23 Terilynn Pritchard, CCR, RMR, CRR, CLR  
Certified Court Reporter No. 2047.  
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